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Related to DE 2009 and 2550

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	: Chapter 11
	:
SEARS HOLDINGS CORPORATION, <u>et al.</u> , ¹	: Case No. 18-23538-RDD
	:
Debtors.	: (Jointly Administered)
-----X	

**SUPPLEMENTAL OBJECTION OF ADAM LEVINE PRODUCTIONS, INC. TO
NOTICE OF CURE COSTS AND POTENTIAL ASSUMPTION AND ASSIGNMENT
OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES IN
CONNECTION WITH GLOBAL SALE TRANSACTION**

TO THE HONORABLE ROBERT D. DRAIN, UNITED STATES BANKRUPTCY JUDGE:

Adam Levine Productions, Inc. ("ALP"), by and through its undersigned counsel,
hereby files its supplemental objection (the "Supplemental Objection") to the *Notice of Cure Costs*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax Identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

And Potential Assumption And Assignment Of Executory Contracts And Unexpired Leases In Connection With Global Sale Transaction [DE 1731] (the “Notice of Cure Costs”) and the *Second Supplemental Notice Of Cure Costs And Potential Assumption And Assignment Of Executory Contracts And Unexpired Leases In Connection With Global Sale Transaction* [DE 1774] (the “Second Supplemental Notice of Cure Costs”) filed by Sears Holdings Corporations, et al. (the “Debtors”), to update the cure costs asserted in ALP’s (i) objection to the Notice of Cure Costs (the “Initial Objection”) [DE 2009], and (ii) reservation of rights regarding the Second Supplemental Notice of Cure Costs (the “Reservation of Rights”) [DE 2550]. In support of this Supplemental Objection, ALP respectfully sets forth and represents:

Background

1. On January 26, 2019, ALP filed its Initial Objection to the Debtors’ Notice of Cure Costs objecting to the alleged cure amount due under the license agreement between ALP and Kmart Corporation, dated on or about December 20, 2012 (the “License Agreement”), as thereafter amended and extended through a Fifth Amendment, dated September 14, 2018 (the “Fifth Amendment”), carrying a term through August 1, 2020. The License Agreement is listed by the Debtors on the list of contracts which may be assumed and assigned by the Successful Bidder in connection with the Global Asset Sale Transaction (as those terms are defined in the Notice of Cure Costs). The Notice of Cure Costs alleges that the cure amount due to ALP upon the assumption and assignment of the License Agreement would be \$180,854.

2. As detailed in the Initial Objection, ALP maintains that the correct cure amount as of the filing date of the Initial Objection was approximately \$390,891.09, “plus any additional post-Petition Date quarterly payment due through the actual closing on the sale.” *Initial Objection*, ¶ 6.

3. The Debtors’ Second Supplemental Notice of Cure Costs sought to reject all iterations of

the License Agreement prior to the Fifth Amendment, including the License Agreement itself. In response, ALP filed its Reservation of Rights with respect to the assumption and assignment of the License Agreement and all subsequent amendments, the cure amount purported by the Second Supplemental Notice of Cure Costs with respect to the License Agreement and all subsequent amendments, and the sufficiency of adequate assurance of future performance.

Supplemental Objection

4. Since the filing of ALP's Initial Objection, additional post-petition quarterly payment amounts have come due under the License Agreement. By this Supplemental Objection, ALP submits that the cure costs currently due under the Fifth Amendment to the License Agreement are \$890,891.09².

5. ALP expressly reserves its right to supplement and amend its Initial Objection and this submission to, among other things, further update the cure costs due and owing under the License Agreement.

Dated: New York, New York
April 9, 2019

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² Contemporaneously with the filing of this Supplemental Objection, ALP has filed a Proof of Claim against the Debtors' estates.